EXHIBIT 10
DATE 1-17-07
HB 104

Dustin Stewart
MBIA Government Affairs Director
1717 11th Ave
Helena, MT 59601

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House Natural Resources Committee

Chairman McNutt:

The Montana Building Industry Association is a network of nearly 2,000 small businesses from around Montana. Our membership includes homebuilders, suppliers, banks, and building contractors. Nearly all of our member companies have fewer than 10 employees. Our members are the very definition of small businesses and yet collectively they make an enormous contribution to Montana's economy.

In 2005 housing created:

- 16,000 direct construction jobs
- 40,000 support jobs.
- Made up nearly 15% of the Montana State Economy

I come before you today asking that you not support HB104, a bill that will severely damage the housing industry in the State of Montana.

**Overview of Ground water**

- Ground water is the second largest reserve of freshwater on earth
- Ground water makes up 40% of freshwater in the U.S alone
- Nearly 50% of Americans depend upon fresh ground water for their direct needs
- Nearly 94% of rural Montanans depend upon ground water as their primary source and 39% of public water systems depend upon ground water.
- Simply put, ground water depletion occurs when an aquifer is not recharged as fast as it is used.
    - Ground water recharge is very complicated because it can often take decades or longer for snowpack to become part of ground water, or ground water to emerge as surface water. It all depends up the local geologic and hydro geologic conditions.

**The Threat of Ground water Depletion and Montana's Situation**

Ground water depletion is certainly a threat to quality of life. It can lead to deterioration of water quality, land subsidence and reduced surface water flows. Certainly, ground water depletion is a matter that we should all watch with great care to ensure that our water supply is protected.

Ground water depletion is occurring in many areas of the country, including along the high plains or Ogallala aquifer. This aquifer underlies parts of eight states including Wyoming and South Dakota, and Nebraska. In some places this aquifer is experiencing a cone of depression more than 100 feet thick, and at the current rate of depletion it could lead to severe water shortages in as little as 70 years. Montana does not draw its ground water from the Ogallala aquifer.

Areas within the Ogallala aquifer are pumping water for use by millions of people, in addition water is being pumped for commercial livestock and irrigation purposes significantly greater than we are experiencing in Montana.

For reference on water uses in Montana, please view the table below highlighting the difference in the amount of water being used in Montana versus Nebraska, which is one of 8 states pulling water from the Ogallala aquifer.

**Preliminary ground-water withdrawals by water-use category and State, 1995** (million gallons per day)

| | Public | Domestic | Commercial | Irrigation | Livestock | Industrial | | Mining | | Thermo | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Fresh | Fresh | Fresh | Fresh | Fresh | Fresh | Saline | Fresh | Saline | Fresh | Fresh | Saline |
| **Montana** | 55 | 17 | 0 | 82 | 16 | 31 | 0 | 2.8 | 13 | 0 | 204 | 13 |
| **Nebraska** | 232 | 42 | 0.3 | 5780 | 108 | 26 | 0 | 6.1 | 4.7 | 4.4 | 6,200 | 4.7 |

Source: PRELIMINARY ESTIMATES OF WATER USE IN THE UNITED STATES, 1995, Wayne B. Solley, U.S. GEOLOGICAL SURVEY

As you can see from the table, Montana uses about 30% of the water that Nebraska uses and Nebraska draws its water from the same aquifer as 7 other states. Meanwhile, it is important to note that Montana has more surface and ground water than 48 other states. In fact Alaska is the only state with more useable fresh water.

Hydrology is a very complex science, and while I am certainly no expert on the subject I am fairly familiar with Montana's situation. Unfortunately, due to complex hydrology there isn't always a relationship or at least an easily discernible relationship between ground water and surface water.

In all, Montana draws its water from about a dozen different aquifers located all over the state. 60- 70% of all Montana's ground water is stored in contained aquifers, which are isolated from surface water by impermeable layers of clay and stone. Ground water from confined aquifers is a different age, temperature, and contains different trace minerals than surface water.

Depending upon the location of a well, connection with surface water can vary from a few days to hundreds of years. Effects could be even more minimal considering the fact that between 90 – 95% of all domestic water used is returned to its natural aquifer.

As an example of Montana's vast water resources, please consider Giant Springs near Great Falls. Giant springs leaks 200 million gallons per day, which is equal to the daily consumption rate for the entire state of Montana. Giant Springs is only one example of hundreds of natural springs around the Montana.

The House Natural Resources committee has a very important policy decision to make. HB104 essentially deals specifically with small applications of domestic, irrigation, and livestock use of fresh ground water. Combined these uses make up about 25% of Montana's already sustainable 200 million gallons per day usage rate. Yet, this measure will force many home builders, ranchers, and farmers to enter a long and onerous process of water right permitting, a system that is already strained to point of being unworkable.

Is significantly lowering the exemption and applying a one size fits all application in a state with 56 counties and a dozen different aquifers really make for good public policy? What would the effect be on the housing market, the current driving force of Montana's soaring economy and $1 Billion surplus?

The bottom line is that water depletion in Montana does not appear to be a significant problem at this time, especially given the fact that we are 2nd in water availability and 46th in population.

On behalf of the Montana Building Industry Association's 2,000 members I urge you to cast your vote against HB104.

Thank you,

Dustin Stewart
Government Affairs Director
Montana Building Industry Association

**Montana Building Industry Association**
**1/17/2007**

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| | Public Supply | Domestic | Commerical | Irrigation | Livestock | Industrial | | Mining | | Thermoelec | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Fresh | Fresh | Fresh | Fresh | Fresh | Fresh | Saline | Fresh | Saline | Fresh | Fresh | Saline |
| Montana | 55 | 17 | 0 | 82 | 16 | 31 | 0 | 2.8 | 13 | 0 | 204 | 13 |
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